

Mr. Troy Pickens, Controller
Kershaw County Hospital
Box 7000
Camden, South Carolina 29020-7000

Re: AC# 3-ASK-J5 – Kershaw County Medical Center d/b/a A. Sam Karesh Long Term
Care Nursing Facility

Dear Mr. Pickens:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period October 1, 1994 through September 30, 1995. That report was used to set the rate covering the contract periods beginning October 1, 1996.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that Agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.

Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/cwc

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Robert M. Kerr

Mr. Troy Pickens, Controller
Kershaw County Hospital
Box 7000
Camden, South Carolina 29020-7000

Re: Draft Report - AC# 3-ASK-J5 – Kershaw County Medical Center d/b/a A. Sam Karesh
Long Term Care Nursing Facility

Dear Mr. Pickens:

The accompanying draft report has been prepared by our office. Please review the adjustments as presented.

If you have any questions concerning this report and would like a formal exit conference with the auditors, please write to me regarding the establishment of a meeting date. Your correspondence should include the above referenced control number. Your request for a conference must be made within five (5) calendar days of your receipt of this report, and the conference must be held within ten (10) calendar days of your receipt of this report. Any additional documentation in support of allowable cost must be received by our office no later than ten (10) calendar days after your receipt of this report.

If we do not hear from you within five (5) calendar days of your receipt of this report, we will assume you do not want an exit conference. In this case, I will reissue this report to you in final form and you will have thirty (30) calendar days in which to file a formal appeal if you so desire.

Yours very truly,

R. James McClam, CPA
Director of Federal Audits

RJM/cwc

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Robert M. Kerr

Ms. Brenda L. Hyleman, Director
Division of Home Health and Nursing Home Services
Department of Health and Human Services
Post Office Box 8206
Columbia, South Carolina 29202-8206

Re: Draft Report - AC# 3-ASK-J5 – Kershaw County Medical Center d/b/a A. Sam Karesh
Long Term Care Nursing Facility

Dear Ms. Hyleman:

Please review the adjustments contained in the accompanying draft report. If you have any comments or disagreements with the adjustments and resulting computations, please contact me within five (5) calendar days.

Use of the above referenced control number is requested on any subsequent correspondence pertaining to this report.

If you do not have any comments, it will be assumed you are in agreement with the report and only those concerns of the Provider, if any, will be considered prior to the issuance of the final report.

Yours very truly,

R. James McClam, CPA
Director of Federal Audits

RJM/cwc

cc: Mr. Jeff Saxon
Mr. Robert M. Kerr

**KERSHAW COUNTY MEDICAL CENTER D/B/A
A. SAM KARESH LONG TERM CARE NURSING FACILITY
CAMDEN, SOUTH CAROLINA**

**CONTRACT PERIODS
BEGINNING OCTOBER 1, 1996
AC# 3-ASK-J5**

**REPORT ON CONTRACT
FOR
PURCHASE OF NURSING CARE SERVICES
WITH
STATE OF SOUTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

September 11, 2000

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Kershaw County Medical Center d/b/a A. Sam Karesh Long Term Care Nursing Facility, for the contract periods beginning October 1, 1996, and for the twelve month cost report period ended September 30, 1995, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Kershaw County Medical Center d/b/a A. Sam Karesh Long Term Care Nursing Facility, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summary of Costs and Total Patient Days, and Cost of Capital Reimbursement Analysis sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Kershaw County Medical Center d/b/a A. Sam Karesh Long Term Care Nursing Facility dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computation of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
September 11, 2000

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.

Thomas L. Wagner, Jr., CPA
State Auditor

**KERSHAW COUNTY MEDICAL CENTER D/B/A
A. SAM KARESH LONG TERM CARE NURSING FACILITY**

Computation of Rate Change
For the Contract Periods
Beginning October 1, 1996
AC# 3-ASK-J5

Interim reimbursement rate (1)	\$92.01
Adjusted reimbursement rate	<u>89.89</u>
Decrease in reimbursement rate	<u>\$ 2.12</u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 3, 1999

**KERSHAW COUNTY MEDICAL CENTER D/B/A
A. SAM KARESH LONG TERM CARE NURSING FACILITY**

Computation of Adjusted Reimbursement Rate
For the Contract Periods October 1, 1996 Through September 30, 1997
AC# 3-ASK-J5

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$ -	\$50.80	\$42.83	\$42.83
Dietary	<u>-</u>	<u>12.45</u>	<u>9.46</u>	<u>9.46</u>
Subtotal	<u>\$ -</u>	63.25	52.29	52.29
Laundry/Housekeeping/Maint.	\$ -	11.34	7.32	7.32
Administration & Med. Rec.	<u>-</u>	<u>13.05</u>	<u>8.60</u>	<u>8.60</u>
Subtotal	<u>\$ -</u>	87.64	<u>\$68.21</u>	68.21
<u>Costs Not Subject to Standards:</u>				
Utilities		3.05		3.05
Special Services		.16		.16
Medical Supplies & Oxygen		5.53		5.53
Taxes and Insurance		.31		.31
Legal Fees		<u>.09</u>		<u>.09</u>
TOTAL		<u>\$96.78</u>		77.35
Inflation Factor (4.90%)				3.79
Cost of Capital				11.98
Cost of Capital Limitation				(3.48)
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive - For General Services and Dietary				-
Effect of \$1.75 Cap on Cost/Profit Incentives				-
Minimum Wage Add-On				<u>.25</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$89.89</u>

KERSHAW COUNTY MEDICAL CENTER D/B/A
A. SAM KARESH LONG TERM CARE NURSING FACILITY
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1995
AC# 3-ASK-J5

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	Adjusted <u>Totals</u>
General Services	\$1,618,293	\$ -	\$ 14,532 (1)	\$1,603,761
Dietary	389,516	3,622 (1)	-	393,138
Laundry	73,730	-	148 (1)	73,582
Housekeeping	117,158	4,020 (1)	-	121,178
Maintenance	145,355	17,985 (1)	-	163,340
Administration & Medical Records	468,994	-	57,089 (1)	411,905
Utilities	90,144	6,130 (1)	-	96,274
Special Services	-	4,982 (3)	-	4,982
Medical Supplies & Oxygen	255,908	7,020 (3)	15,799 (1) 72,690 (2)	174,439
Taxes & Insurance	5,865	3,820 (1)	-	9,685
Legal Fees	-	2,730 (1)	-	2,730
Cost of Capital	<u>376,429</u>	<u>147,553</u> (4)	<u>145,659</u> (1)	<u>378,323</u>
Subtotal	3,541,392	197,862	305,917	3,433,337

KERSHAW COUNTY MEDICAL CENTER D/B/A
A. SAM KARESH LONG TERM CARE NURSING FACILITY
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 1995
 AC# 3-ASK-J5

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Ancillary	1,552	-	23 (1)	1,529
Non-Allowable	(97,399)	190,631 (1)	12,002 (3)	6,367
	<u> </u>	<u>72,690 (2)</u>	<u>147,553 (4)</u>	<u> </u>
Total Operating Expenses	<u>\$3,445,545</u>	<u>\$461,183</u>	<u>\$465,495</u>	<u>\$3,441,233</u>
TOTAL BEDS <u>88</u>		TOTAL PATIENT DAYS <u>31,570</u>		

**KERSHAW COUNTY MEDICAL CENTER D/B/A
A. SAM KARESH LONG TERM CARE NURSING FACILITY**
Adjustment Report
Cost Report Period Ended September 30, 1995
AC# 3-ASK-J5

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Dietary	\$ 3,622	
	Housekeeping	4,020	
	Maintenance	17,985	
	Utilities	6,130	
	Taxes and Insurance	3,820	
	Legal	2,730	
	Other Equity	4,312	
	Nonallowable	190,631	
	General Services		\$ 14,532
	Laundry		148
	Administration		57,089
	Medical Supplies		15,799
	Cost of Capital		145,659
	Ancillary		23
	To adjust cost centers to amounts per the audited Medicare cost report HIM-15-1, Section 2300		
2	Nonallowable	72,690	
	Medical Supplies		72,690
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
3	Medical Supplies	7,020	
	Special Services	4,982	
	Nonallowable		12,002
	To adjust co-insurance for Medicare Part B services State Plan, Attachment 4.19D		

**KERSHAW COUNTY MEDICAL CENTER D/B/A
A. SAM KARESH LONG TERM CARE NURSING FACILITY**
Adjustment Report
Cost Report Period Ended September 30, 1995
AC# 3-ASK-J5

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
4	Cost of Capital Nonallowable	147,553	147,553
	To adjust capital return State Plan, Attachment 4.19D		
		<hr/>	<hr/>
	TOTAL ADJUSTMENTS	<u>\$465,495</u>	<u>\$465,495</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

KERSHAW COUNTY MEDICAL CENTER D/B/A
A. SAM KARESH LONG TERM CARE NURSING FACILITY
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 1995
 AC# 3-ASK-J5

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.0472</u>
Deemed Asset Value (Per Bed)	31,973
Number of Beds	<u>88</u>
Deemed Asset Value	2,813,624
Improvements Since 1981	1,045,779
Accumulated Depreciation at 9/30/95	<u>(1,317,651)</u>
Deemed Depreciated Value	2,541,752
Market Rate of Return	<u>.070</u>
Total Annual Return	177,923
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	177,923
Depreciation Expense	230,770
Amortization Expense	-
Capital Related Income Offsets	(30,370)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	378,323
Total Patient Days (Actual Days)	<u>31,570</u>
Cost of Capital Per Diem	\$ <u><u>11.98</u></u>

KERSHAW COUNTY MEDICAL CENTER D/B/A
A. SAM KARESH LONG TERM CARE NURSING FACILITY
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 1995
AC# 3-ASK-J5

6/30/89 Cost of Capital and Return on Equity	
Capital Per Diem Reimbursement	\$ 4.51
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	\$ <u>8.50</u>
Reimbursable Cost of Capital Per Diem	\$ 8.50
Cost of Capital Per Diem	<u>11.98</u>
Cost of Capital Per Diem Limitation	\$ <u>(3.48)</u>